

Chairman and Chief Executive Officer

Mr. Dennis Johnson
Senior Portfolio Manager
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Dear Sir,

ALSTOM is a global Company that has projects in every part of the World. Indeed, one of these projects is currently being executed in Sudan. This project does not, however, have any connection at all with any terrorist activities or violation of human rights whatsoever. One of the hallmarks of ALSTOM's reputation for integrity is its respect for, and compliance with, those laws, regulations or similar mandatory requirements, that apply to the conduct of its business in all countries in which it operates.

The contract consists in the supply of electro-mechanical equipment for the Merowe Dam project in Sudan. It was awarded by the Ministry of Irrigation and Water Resources of the Republic of Sudan in November 2003 and represents less than 0.1% of Group sales. An ALSTOM office was opened in Khartoum to allow the execution of this project.

ALSTOM does not have any investments in Sudan other than the ones that are related to the rented Khartoum office, i.e., for office furniture, cars, or the camp on the Merowe site.

The Group has no license agreements in nor any technical or commercial know-how transfers to Sudan, neither for this High Dam project nor for any other. The current activities are restricted to the execution of the Merowe project and a further Customer Service Activity for rehabilitation of generators and turbines at the Khartoum North Power Plant.

Today ALSTOM has 5 expatriates and about 15 local staff employed by ALSTOM in Sudan. The Group also has several experts working at the Khartoum North Power Plants on an assignment basis for supervision.

The Merowe project contract is totally exempt of any taxes, duties and other fees or charges in Sudan. The project is financed by various Arab funds and ALSTOM received direct payments from these funds after approval of the Merowe High Dam Project Implementation Unit (MDPIU), which is now an independent Authority.

Concerning the policies and procedures for operation in Sudan, ALSTOM applies standard Environmental, Health and Security (EHS) procedures, as well as normal operational procedures, that would apply in any equivalent project anywhere. Furthermore, ALSTOM applies the standard regulations for safety, health and evacuation.

ALSTOM has not done anything directly to promote and protect human rights as the Group is employed by the MDPIU, who is ultimately responsible for such issues. ALSTOM is one of four contractors responsible for the Electromechanical scope and its implementation, in accordance with its contractual obligations. Lahmeyer International of Germany is our interface as they act as the engineering consultant.

As the lack of available electrical power is a clear bottle-neck for the economic and social development in the country, the Merowe Dam project marks a milestone in the economic progress of Sudan. On completion, the power generation capacity of the country will be more than doubled to the benefit of the entire population.

Yours sincerely,



Patrick Kron
Chairman & CEO